

FILLMORE TOWNSHIP
ALLEGAN COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2005

KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

RECEIVED
DEPT. OF TREASURY

SEP 23 2005

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Fillmore Township		LOCAL AUDIT & FINANCE DIV. Allegan County	
Audit Date 3/31/05	Opinion Date 7/25/05	Date Accountant Report Submitted to State: 9/20/05			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Kiekoover, Scholma & Shumaker, PC			
Street Address 205 East Main Street		City Zeeland	State MI
Accountant Signature <i>Kiekoover, Scholma & Shumaker, P.C.</i>		ZIP 49464	
		Date 9/20/05	

Fillmore Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2005

TABLE OF CONTENTS

	Page
Independent Auditor's Report	I
Management's Discussion and Analysis	II
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Governmental Fund Financial Statements	
Balance Sheet	3
Statement of Revenue, Expenditures and Changes in Fund Balances.....	4
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	5
Fiduciary Fund Financial Statement	
Statement of Fiduciary Net Assets	6
Notes to Financial Statements	7
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund.....	17
Supplemental Data	
Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure.....	19



INDEPENDENT AUDITOR'S REPORT

July 25, 2005

Township Board
Fillmore Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fillmore Township, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fillmore Township, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fillmore Township, Michigan, as of March 31, 2005 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 7C, the township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The management's discussion and analysis and budgetary comparison information, as identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information listed in the foregoing table of contents under the caption "Securities and Exchange Commission Rule 15c2-12 Continuing Disclosure" was not examined by us and, accordingly, we express no opinion on it.

Kiekoover, Scholma & Shumaker, PC

Management's Discussion and Analysis

As management of Fillmore Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Fillmore Township exceeded its liabilities at the close of the most recent fiscal year by \$1,231,389 (*net assets*). Of this amount, \$586,831 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net assets increased by \$301,188. This is reflected in a net increase in capital assets, net of related debt of \$505,325, an increase in restricted net assets of \$26,093, and a decrease in unrestricted net assets of \$230,230.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$583,848, a decrease of \$198,759 in comparison with the prior year. Approximately 89% of this total amount, \$516,888, is *available for spending* at the Township's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$422,482 or 49% of total general fund expenditures and transfers out.
- The Township's total debt decreased by \$3,025 (4.4%) during the current fiscal year. This is the result of the Township making its required scheduled debt service payments of \$3,025 while incurring no new debt during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected state shared revenues, franchise fees, and accrued interest payable).

Both of the government-wide financial statements shows functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories, governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains four (4) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, M-40 Sewer Debt Fund, and Utilities Expansion Fund, which are considered to be major funds, and for the Cemetery Trust Fund, which is considered to be a nonmajor fund.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided herein to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Township accounts for one type of fiduciary funds, agency funds. One agency fund is maintained to account for tax collections.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-16 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparison for the Township's General Fund, found on pages 17 and 18 of this report.

Government-wide Financial Analysis

Net Assets - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Fillmore Township, assets exceeded liabilities by \$1,231,389 at the close of the most recent fiscal year.

A large portion of the Township's net assets (47%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net assets (5.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$586,831) may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in both categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Since this is the first year the Township has presented government-wide financial statements, comparisons to the prior year have not been presented. In future years, when prior year information is available, a comparative analysis of government-wide data will be included.

TABLE 1 - Fillmore Township's Net Assets

	Governmental Activities
Current and other assets	\$ 725,031
Capital assets	<u>642,636</u>
Total assets	<u>1,367,667</u>
Long-term debt outstanding	65,038
Other liabilities	<u>15,240</u>
Total liabilities	<u>80,278</u>
Net assets:	
Invested in capital assets, net of related debt	577,598
Restricted	66,960
Unrestricted	<u>586,831</u>
Total net assets	<u>\$ 1,231,389</u>

Change in Net Assets - As shown in Table 2 (changes in net assets) the Township's total revenues were approximately \$754,000 for the current year, of which 55.0% was obtained from property taxes. Charges for services accounted for another 10.8% of the total, State shared revenues 26.1%, and operating grants and contributions 3.4%. The balance of the Township's revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended March 31, 2005 was approximately \$453,000. Township expenses cover a wide range of services. For the current fiscal year, about 43.0% of the Township's expenses related to general government services, 46.4% related to public safety, 5.8% related to public works, and 4.2% related to community and economic development.

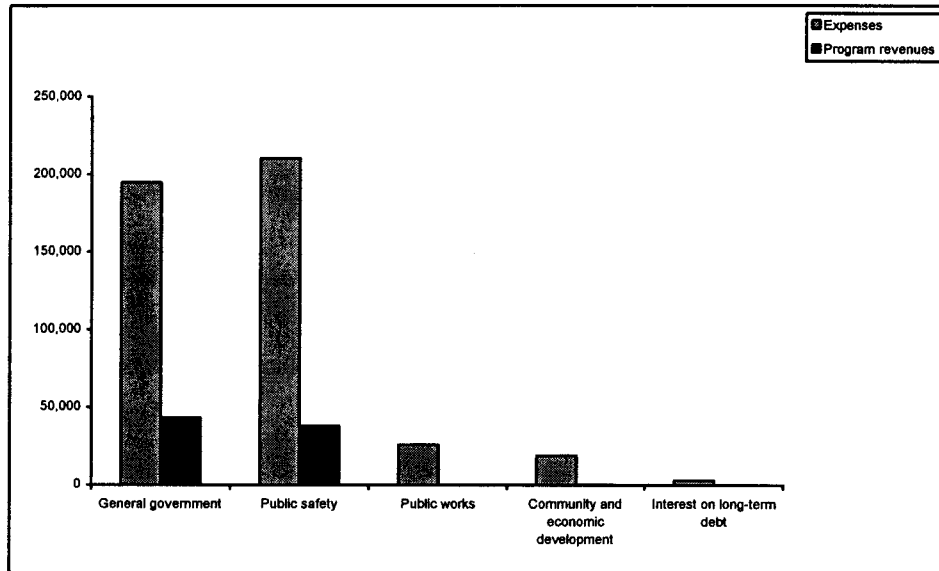
Net assets increased by \$301,188 for the Township's governmental activities.

The following analysis highlights the changes in net assets for the year ended March 31, 2005.

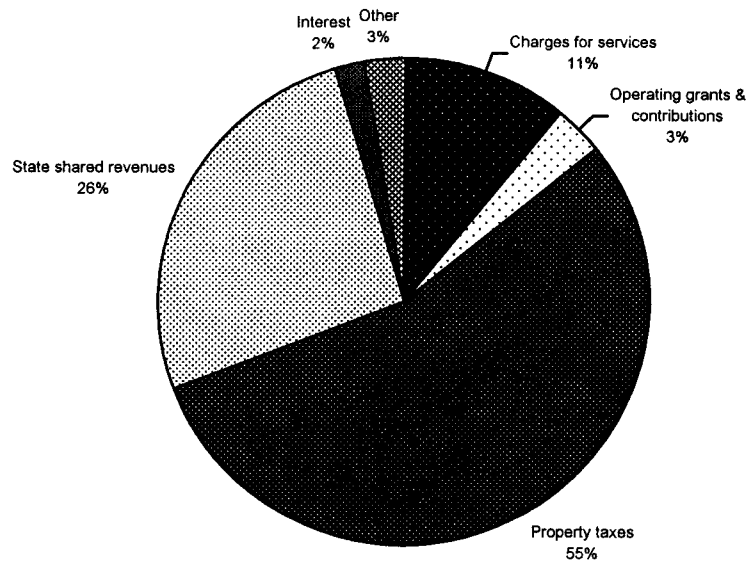
TABLE 2 - Fillmore Township's Changes in Net Assets

	<u>Governmental Activities</u>
Program revenues	
Charges for services	\$ 81,427
Operating grants and contributions	25,965
General revenues	
Property taxes	415,009
State shared revenues	197,111
Interest	13,497
Other	<u>21,127</u>
Total revenues	<u>754,136</u>
Program expenses	
General government	194,647
Public safety	210,084
Public works	26,048
Community and economic development	19,022
Interest on long-term debt	<u>3,147</u>
Total expenses	<u>452,948</u>
Change in Net Assets	<u>\$ 301,188</u>

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 3, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for fiscal year 2005 consist of the General Fund, M-40 Sewer Debt Fund, and Utilities Expansion Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues and other financing sources for fiscal year 2005 increased by \$44,507 or 6.3%, to \$750,388. Property tax revenues increased by \$35,023 or 8.5%. State shared revenues increased by \$186 or 0.1%. All other General Fund revenue sources increased by \$9,298.

General Fund expenditures and other financing uses increased in fiscal 2005 by \$49,294 or 6.1%, to \$860,094. The most significant changes occurred in the categories of General Government and Public Works, resulting from higher costs for legal fees, and due to additional road improvement expenditures during fiscal 2005.

The March 31, 2005 fund balance of the general fund is \$473,926, of which \$33,542 (7.1%) is reserved for highway and street projects, \$17,902 (3.8%) is reserved for construction code activities, and \$422,482 (89.1%) is unreserved. This is a decrease of \$109,706 from the prior year. The \$422,482 unreserved fund balance is approximately 49.1% of fiscal 2005 expenditures and operating transfers to other funds which amounted to \$860,094.

The M-40 Sewer Fund is used to account for payment of long-term debt issued in connection with the M-40 sewer expansion project. Total M-40 Sewer Debt Fund revenues, consisting of interest income and special assessments, decreased by \$169, or 2.2%, to \$7,662. During the year the M-40 Sewer Fund had \$6,172 in expenditures (all of which were for debt service), compared to \$6,236 in the prior year. The March 31, 2005 fund balance of the Sewer Connection Fund is \$14,075 (all of which is reserved for debt service), an increase of \$1,490 from the prior year.

The Utilities Expansion Fund is used to account for funds set aside for expansion of utility systems within the township. Total Utilities Expansion Fund revenues, consisting of interest, increased by \$1,044, or 254%, to \$1,455. There was also \$80,000 of transfers in from the General Fund during the year, compared to total transfers in of \$222,299 in the prior year. Utilities Expansion Fund expenditures for the fiscal year were \$172,007, an increase of \$134,255, or 356%, compared to the prior year. The March 31, 2005 fund balance of the Utilities Expansion Fund is \$94,406, a decrease of \$90,552 from the prior year.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The Township exceeded budgeted amounts for attorney expenses by approximately \$18,000 and planning commission expenditures by approximately \$6,100. The Township had also budgeted for miscellaneous other expenditures in an amount of \$40,000. These factors resulted in total expenditures of \$59,406 less than the final budgeted amount. Transfers to other funds for sewer and water expenditures were \$20,000 below the final budgeted amount. The General Fund's fund balance decreased by \$109,706 compared to a budgeted decrease of \$195,500.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets as of March 31, 2005, amounted to \$642,636 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads and sidewalks, and certain flowage rights (drains). The total change in the Township's investment in capital assets for the current fiscal year was an increase of \$502,300 (358%).

Major capital asset events during the current fiscal year included the following:

- \$169,808 expended for construction of water and sewer systems
- \$346,612 expended for road improvements

Additional information on the Township's capital assets can be found in note 3C on page 13 of this report.

Fillmore Township's Capital Assets (net of depreciation)

	Governmental Activities
Land	\$ 16,000
Construction in progress	169,808
Buildings and improvements	120,325
Infrastructure	<u>336,503</u>
Total	<u>\$ 642,636</u>

Long-term debt. At the end of the current fiscal year, the Township had total installment debt outstanding of \$65,038.

Fillmore Township's Outstanding Debt General Obligation and Revenue Bonds and Notes Payable

	Governmental Activities
Allegan Country Sewage Disposal System Bonds	<u>\$ 65,038</u>

Total outstanding debt decreased by \$3,025 during the current year. This was a result of the Township making its required scheduled debt payments of \$3,025 while incurring no new debt during the year.

Additional information on the Township's long-term debt can be found in Note 3E on page 14 of this report.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for fiscal year ended March 31, 2006 calls for an increase in the overall property tax rate from 4.8536 mills to 5.8965 mills. This increase is due to an increase in millage for operating purposes (from .8099 mills to .8176 mills), and increase in millage for roads (from 2.6188 mills to 2.6435 mills), an increase in millage for fire protection and first response (from 1.4249 mills to 1.9369 mills), and a new millage of .4985 mills for water and sewer purposes.

The Township is planning a \$7,000,000 capital improvement project, beginning in fiscal year ended March 31, 2006, for an extension of a sanitary sewer as well as construction of a water distribution system. The Township has approved a bond issue proposal to sell bonds in the par amount of \$7,000,000 to finance these projects.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Township's office.

Basic
Financial Statements

Fillmore Township, Michigan
STATEMENT OF NET ASSETS
March 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 608,741
Receivables:	
Taxes	17,063
Special assessments	54,872
Due from fiduciary tax fund	478
Due from other governments	43,877
Capital assets	<u>642,636</u>
 Total Assets	 <u>1,367,667</u>
 LIABILITIES	
Accounts payable	62,597
Accrued payroll	8,643
Noncurrent liabilities:	
Due within one year	4,538
Due in more than one year	<u>60,500</u>
 Total Liabilities	 <u>136,278</u>
 NET ASSETS	
Invested in capital assets, net of related debt	577,598
Restricted for:	
Debt Service	14,075
Highway and street projects	33,542
Perpetual care-nonexpendable	1,441
Construction code activities	17,902
Unrestricted	<u>586,831</u>
 Total Net assets	 <u>\$ 1,231,389</u>

Fillmore Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2005

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Operating Grants and Contributions	
	Expenses	Charges for Services		Governmental Activities
Function/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 194,647	\$ 43,269	\$ -	\$ (151,378)
Public safety	210,084	37,985	25,965	(146,134)
Public works	26,048	-	-	(26,048)
Community and economic development	19,022	173	-	(18,849)
Interest on long-term debt	3,147	-	-	(3,147)
Total Governmental Activities	<u>\$ 452,948</u>	<u>\$ 81,427</u>	<u>\$ 25,965</u>	<u>(345,556)</u>
		General revenues:		
		Property taxes		415,009
		State shared revenues		197,111
		Interest		13,497
		Other		<u>21,127</u>
		Total General Revenues		<u>646,744</u>
		Change in Net Assets		301,188
		Net Assets - Beginning		<u>930,201</u>
		Net Assets - Ending		<u>\$ 1,231,389</u>

See notes to financial statements

Fillmore Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2005

	General Fund	M-40 Sewer Debt Fund	Utilities Expansion Fund	Nonmajor Permanent Fund Cemetery Perpetual Care	Total Governmental Funds
ASSETS					
Cash and investments	\$ 453,905	\$ 14,075	\$ 139,798	\$ 1,441	\$ 609,219
Receivables:					
Taxes	17,063	-	-	-	17,063
Special assessments	-	54,872	-	-	54,872
Due from other governments	28,806	-	-	-	28,806
Total Assets	\$ 499,774	\$ 68,947	\$ 139,798	\$ 1,441	\$ 709,960
LIABILITIES					
Accounts payable	\$ 17,205	\$ -	\$ 45,392	\$ -	\$ 62,597
Accrued payroll	8,643	-	-	-	8,643
Deferred revenue	-	54,872	-	-	54,872
Total Liabilities	25,848	54,872	45,392	-	126,112
FUND BALANCES					
Reserved:					
Highway and street projects	33,542	-	-	-	33,542
Debt service	-	14,075	-	-	14,075
Perpetual care-nonexpendable	-	-	-	1,441	1,441
Construction code activities	17,902	-	-	-	17,902
Unreserved-reported in:					
General Fund	422,482	-	-	-	422,482
Capital Projects Funds	-	-	94,406	-	94,406
Total Fund Balances	473,926	14,075	94,406	1,441	583,848
Total Liabilities and Fund Balances	\$ 499,774	\$ 68,947	\$ 139,798	\$ 1,441	

Amount reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

General capital assets	136,325
Infrastructure assets	506,311

State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures, and are therefore not reported in the funds	15,071
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Special assessments receivable are expected to be collected over several years and are not available to pay for current year expenditures, and are therefore deferred in the funds	54,872
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Long term liabilities are not due and payable in the current period, and are therefore not reported in the funds	(65,038)
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Net Assets of Governmental Activities	<u>\$ 1,231,389</u>
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Fillmore Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2005

	General Fund	M-40 Sewer Debt Fund	Utilities Expansion Fund	Nonmajor Permanent Fund Cemetery Perpetual Care	Total Governmental Funds
Revenues:					
Taxes	\$ 447,072	\$ -	\$ -	\$ -	\$ 447,072
Licenses and permits	37,985	-	-	-	37,985
State grants	25,965	-	-	-	25,965
State shared revenues	198,269	-	-	-	198,269
Charges for services	8,579	-	-	-	8,579
Fines and forfeitures	2,800	-	-	-	2,800
Interest and rent	8,593	3,441	1,455	9	13,498
Other	21,125	4,221	-	-	25,346
Total Revenues	<u>750,388</u>	<u>7,662</u>	<u>1,455</u>	<u>9</u>	<u>759,514</u>
Expenditures:					
Current:					
General government	190,636	-	-	-	190,636
Public safety	210,084	-	-	-	210,084
Public works	360,352	-	172,007	-	532,359
Community and economic development	19,022	-	-	-	19,022
Debt service					
Principal	-	3,025	-	-	3,025
Interest	-	3,147	-	-	3,147
Total Expenditures	<u>780,094</u>	<u>6,172</u>	<u>172,007</u>	<u>-</u>	<u>958,273</u>
Excess of Revenues Over (Under) Expenditures	<u>(29,706)</u>	<u>1,490</u>	<u>(170,552)</u>	<u>9</u>	<u>(198,759)</u>
Other Financing Sources (Uses):					
Transfers in	-	-	80,000	-	80,000
Transfers out	(80,000)	-	-	-	(80,000)
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(109,706)	1,490	(90,552)	9	(198,759)
Fund Balances - April 1, as Restated	<u>583,632</u>	<u>12,585</u>	<u>184,958</u>	<u>1,432</u>	<u>782,607</u>
Fund Balances - March 31	<u>\$ 473,926</u>	<u>\$ 14,075</u>	<u>\$ 94,406</u>	<u>\$ 1,441</u>	<u>\$ 583,848</u>

See Notes to Financial Statements

Fillmore Township, Michigan
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended March 31, 2005

Net change in fund balances-Total Governmental Funds \$ (198,759)

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - infrastructure capital assets	516,420
Current year depreciation expense on capitalized assets	(14,120)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

State shared revenues	(1,157)
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Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not recorded in the funds until collected or collectible within 60 days of year end	(4,221)
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Repayments of bond and notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	<div style="border-top: 1px solid black; display: inline-block;">3,025</div>
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$ 301,188</div>
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Fillmore Township, Michigan
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
March 31, 2005

	Agency Funds
ASSETS	
Cash and investments	<u>\$ 669</u>
LIABILITIES	
Due to other governments	<u>\$ 669</u>

See Notes to Financial Statements

Fillmore Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fillmore Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Fillmore Township:

A. Reporting Entity

Fillmore Township is governed by an elected five-member board of trustees. The accompanying financial statements present the township and its component units, entities for which the township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The township has no blended component units.

Discretely Presented Component Unit. The township has no discretely presented component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. (Fillmore Township has no such business-type activities). Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. (Fillmore Township has no such component units.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The township reports the following major governmental funds:

General Fund - The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

M-40 Sewer Debt (Debt Service) Fund - This fund was established to account for payment of long-term debt issued in connection with the M-40 sewer expansion project.

Utilities Expansion (Capital Project) Fund - This fund was established to account for funds set aside for expansion of utility systems within the township.

Additionally, the township reports the following fund types:

Governmental Funds

Permanent Fund - The Permanent Fund is used to record the activity of the Cemetery Trust which provides funds for the perpetual care of cemetery lots.

Fiduciary Funds (Not included in government-wide statements)

Agency Funds - Agency Funds account for assets held by the township in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. *Bank Deposits and Investments.*

The township maintains separate cash accounts for each of its various funds.

The township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

2. *Receivables and Payables.*

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any.

3. *Inventories and Prepaid Items.*

Inventories do not consist of material amounts. Inventories of governmental funds are recorded as expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

4. *Capital Assets.*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the governmental column in the government-wide financial statements. General infrastructure assets acquired prior to April 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Included in capital assets are the township's investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-40
Land improvements	15
Machinery and equipment	5-15
Office furniture and equipment	5-10
Vehicles	5-25
Roads and sidewalks	15-25

5. *Compensated Absences.*

It is the township's policy to permit certain employees to accumulate earned but unused sick and vacation pay benefits. If material, all vacation and sick pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

6. *Long-Term Obligations.*

In the government-wide financial statements and, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

7. *Fund Equity.*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Property Taxes

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The township continues to collect delinquent personal property taxes.

The township's 2004 ad valorem tax was levied and collectible on December 1, 2004, and recognized as revenue during the year ended March 31, 2005, when proceeds of this levy were budgeted and made available for the financing of operations.

The 2004 taxable equivalency valuation of the township totaled \$86,681,842, on which taxes levied consisted of 0.8099 mills for operating purposes, 2.6188 mills for road purposes, and 1.4249 mills for fire and first response protection purposes. This resulted in \$69,479 for operating purposes, \$224,708 for road purposes, and \$122,264 for fire and first response protection purposes.

The above amounts are recognized in the General Fund as tax revenue.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

The appropriated budget is prepared by fund, function, and activity. The legal level of budgetary control adopted by the governing body is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. Comparisons of actual results of operations as compared to budget for the General Fund are included in the required supplemental information.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of township funds. The investment policy adopted by the township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The township's deposits and investment policy are in accordance with statutory authority.

At year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total
Cash and Investments	\$ 609,219	\$ 669	\$ 609,888

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 609,888
--	------------

The bank balance of the township's deposits is \$629,671 of which \$100,000 is covered by federal depository insurance and \$529,671 is uninsured and uncollateralized. The township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the township or its agent in the township's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name.
- (3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year end, the township's investment balances totaled \$0.

B. Receivables

Receivables as of year-end for the township's individual major funds, and non-major fund and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	M-40 Sewer Debt	Total
Receivables:			
Taxes	\$ 17,063	\$ -	\$ 17,063
Special assessments	-	54,872	54,872
Intergovernmental	28,806	-	28,806
Gross receivables	45,869	54,872	100,741
Allowance for uncollectibles	-	-	-
Net Total Receivables	<u>\$ 45,869</u>	<u>\$ 54,872</u>	<u>\$ 100,741</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	<u>\$ 54,872</u>	<u>\$ -</u>

C. Capital Assets

Capital asset activity of the township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Completed Construction	Ending Balance
Capital Assets Not Being Depreciated					
Land	\$ 16,000	\$ -	\$ -	\$ -	\$ 16,000
Construction in progress	-	169,808	-	-	169,808
Subtotal	16,000	169,808	-	-	185,808
Capital Assets Being Depreciated					
Building and improvements	181,756	-	-	-	181,756
Machinery and equipment	4,500	-	-	-	4,500
Office furniture and equipment	20,579	-	-	-	20,579
Infrastructure	-	346,612	-	-	346,612
Subtotal	206,835	346,612	-	-	553,447
Less Accumulated Depreciation for					
Buildings and improvements	(57,420)	(4,011)	-	-	(61,431)
Machinery and equipment	(4,500)	-	-	-	(4,500)
Office furniture and equipment	(20,579)	-	-	-	(20,579)
Infrastructure	-	(10,109)	-	-	(10,109)
Subtotal	(82,499)	(14,120)	-	-	(96,619)
Net Capital Assets Being Depreciated	124,336	332,492	-	-	456,828
Governmental Activities Total					
Capital Assets - Net of Depreciation	\$ 140,336	\$ 502,300	\$ -	\$ -	\$ 642,636

Depreciation expense was charged to programs of the township as follows:

Governmental Activities	
General government	\$ 4,011
Public works	10,109
Total Governmental Activities	<u>\$ 14,120</u>

Construction Commitments-The township had no significant construction commitments as of March 31, 2005.

D. Interfund Receivables, Payables and Transfers

There were no interfund balances as of March 31, 2005.

Interfund transfers reported in the funds statements were as follows:

	<u>Transfers Out</u>	
	<u>General Fund</u>	
Transfers In:		
Utilities Expansion Fund	\$ 80,000	(1)

The following describes the nature of significant transfers:

- (1) Transfer from General Fund for expenditures relating to the Water and Sewer Utilities expansion project

E. Long-Term Debt

The township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity for the township can be summarized as follows:

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
General Obligation Bonds						
Allegan County Sewage Disposal System						
Bonds, interest rates from 4.2% to 4.8%						
maturing 2018	\$84,398	\$ 68,063	\$ -	\$ (3,025)	\$65,038	\$ 4,538

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ended</u> <u>March 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 4,538	\$ 3,008
2007	4,538	2,850
2008	4,538	2,659
2009	4,538	2,467
2010	4,538	2,272
2011-2015	24,198	8,320
2016-2019	18,150	2,302
Total	\$ 65,038	\$ 23,878

F. Restricted Assets

The township has no restricted assets at March 31, 2005.

NOTE 4. PRIOR PERIOD ADJUSTMENT

In the government fund financial statements, fund balance at April 1, 2004 has been adjusted. The adjustment resulted because state shared revenue received within 60 days of the end of the current fiscal year had not been accrued in prior years. The effect of this adjustment increased fund balance (general fund) at April 1, 2004 by \$25,883. Had state shared revenue received within 60 days of the end of the current fiscal year been accrued in prior years, the change in fund balance for the year ended March 31, 2004 would have decreased by \$3,337.

	Total Governmental Funds	General Fund
Fund balance at March 31, 2004 as originally reported	\$ 756,724	\$ 557,749
Effect of prior period adjustment	<u>25,883</u>	<u>25,883</u>
Fund balance at March 31, 2005, as restated	<u>\$ 782,607</u>	<u>\$ 583,632</u>

NOTE 5. SUBSEQUENT EVENTS

Subsequent to March 31, 2005, the township approved a bond issue proposal to sell bonds in the par amount of \$7,000,000 to be used for the purpose of water and sewer utility infrastructure construction. Bonds had not yet been sold as of the date of this report.

NOTE 6. JOINT VENTURE

Certain entities which are not part of a township's reporting entity but were, in part, created by the township for special purposes, are accounted for as joint ventures. The following are joint ventures in which the township participates:

The township is a member of the Graafschap Fire Department (the Department), a joint venture of the township and Laketown Township, to provide fire protection within the participating townships. The township does not have an explicit, measurable equity interest in the Department. Costs of operations and capital expenditures are supported by contributions from the participating townships. Contributions from the participating townships are based on the prior year's fire protection runs and tax base in each township. The Department is managed by a board that consists of two members from each of the participating townships. For the year ended March 31, 2005, costs were allocated 79.09% to Laketown Township and 20.91% to Fillmore Township. During the year ended March 31, 2005, the township contributed \$66,435 to the Department. As of March 31, 2005, the Department has net assets of \$645,231 and long-term debt of \$646,196. The Department did not experience a deficit. Separate financial statements of the Department may be obtained from the Manager of Laketown Township.

The township is a member of the Hamilton Area Fire Board (the Authority), which is joint venture of the townships of Fillmore, Manlius, and Heath. The Administrative Board of the Authority consists of members appointed by each participating unit and three non-voting members from the Hamilton Fire Department. The Authority was formed to jointly provide fire protection services within the combined service area, which encompasses the participating townships. During the year ended March 31, 2005, the township contributed \$26,522 as its proportionate share of the Authority's budgeted costs. The Authority's fiscal year ends on December 31. As of December 31, 2004, the Authority had net assets of \$83,385 and long-term debt of \$300,597. The Authority reported a decrease in net assets of \$9,887 for the year ended December 31, 2004. Separate financial statements for the Authority can be obtained from the Clerk of the Township of Heath.

NOTE 7. OTHER INFORMATION

A. Risk Management

The township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The township has purchased full multi-peril insurance coverage underwritten by the Michigan Township Participating Plan. The township is fully insured for workers compensation claims by coverage underwritten by Accident Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Township Participating Plan operates as an insurance pool for local units of government in Michigan. The Plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

B. Inspections

The township accounts for the activity of its inspection department within its general fund. Following is a summary of building inspection activity for the year ended March 31, 2005:

Fund balance April 1, 2004	\$ 10,886
Charges for services	37,985
Building inspection expenditures	<u>(30,969)</u>
Fund balance March 31, 2005	<u>\$ 17,902</u>

C. Change in Accounting Policy

In the year ended March 31, 2005, the township implemented GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

Management's discussion and analysis;

Basic Financial Statements

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, including capital and infrastructure assets

Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds and enterprise funds;

Notes to the financial statements;

Required supplementary information, which requires budgetary comparison schedules to be presented.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The township has elected to implement the general provisions of the Statement, and to not implement the retroactive reporting of infrastructure in the current year.

Required
Supplementary Information

Fillmore Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2005

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 440,000	\$ 440,000	\$ 447,072	\$ 7,072
Licenses and permits	30,000	30,000	37,985	7,985
State grants	25,000	25,000	25,965	965
State shared revenues	220,000	220,000	198,269	(21,731)
Charges for services	15,000	15,000	8,579	(6,421)
Fines and forfeitures	-	-	2,800	2,800
Interest	5,000	5,000	8,593	3,593
Other	9,000	9,000	21,125	12,125
Total Revenues	<u>744,000</u>	<u>744,000</u>	<u>750,388</u>	<u>6,388</u>
Expenditures:				
Current:				
General Government:				
Township board	34,000	39,000	39,504	(504)
Supervisor	27,000	27,000	26,525	475
Audit	8,500	9,000	8,785	215
Attorney	25,000	32,000	50,033	(18,033)
Clerk	14,900	14,900	15,044	(144)
Board of review	1,100	1,100	1,292	(192)
Treasurer	19,100	19,100	18,202	898
Assessor	16,200	16,200	12,599	3,601
Elections	5,000	6,000	7,193	(1,193)
Building and grounds	10,000	10,000	5,711	4,289
Cemetery	6,200	6,200	5,748	452
Total General Government	<u>167,000</u>	<u>180,500</u>	<u>190,636</u>	<u>(10,136)</u>
Public Safety:				
Police services	75,000	75,000	74,429	571
Fire protection	130,000	130,000	104,686	25,314
Inspections	30,000	30,000	30,969	(969)
Total Public Safety	<u>235,000</u>	<u>235,000</u>	<u>210,084</u>	<u>24,916</u>
Public Works:				
Drains	5,000	5,000	2,273	2,727
Highways, streets, and bridges	275,000	350,000	347,674	2,326
Street lights	4,500	4,500	5,437	(937)
Sanitation land fill	12,000	12,000	4,968	7,032
Total Public Works	<u>296,500</u>	<u>371,500</u>	<u>360,352</u>	<u>11,148</u>

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Community and Economic Development				
Planning commission	4,000	12,000	18,109	(6,109)
Zoning board of appeals	500	500	913	(413)
Total Community and Economic Development	4,500	12,500	19,022	(6,522)
Insurance, Bonds, and Fringes:				
Other	40,000	40,000	-	40,000
Total Expenditures	743,000	839,500	780,094	59,406
Excess Of Revenues Over (Under) Expenditures	1,000	(95,500)	(29,706)	65,794
Other Financing Sources (Uses):				
Operating transfers out	(100,000)	(100,000)	(80,000)	20,000
Net Change in Fund Balances	(99,000)	(195,500)	(109,706)	85,794
Fund Balances - April 1, as Restated	583,632	583,632	583,632	-
Fund Balances - March 31	\$ 484,632	\$ 388,132	\$ 473,926	\$ 85,794

SECURITIES AND EXCHANGE COMMISSION
RULE 15c2-12 CONTINUING DISCLOSURE

Fillmore Township
HISTORICAL STATE EQUALIZED VALUATION
AND COMPONENTS OF STATE EQUALIZED VALUE

Historical State Equalized Valuation

<u>Year*</u>	<u>Total SEV</u>
1994	\$ 56,065,306
1995	59,046,559
1996	65,467,050
1997	75,208,160
1998	80,852,288
1999	90,905,800
2000	89,291,300
2001	104,866,500
2002	114,406,900
2003	123,127,000
2004	121,636,000

Components of State Equalized Value

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Industrial	\$ 2,400,300	\$ 2,801,300	\$ 2,714,700	\$ 2,490,600	\$ 2,203,900
Commercial	11,666,500	10,806,900	9,188,100	6,696,200	6,346,900
Agricultural	38,548,000	41,884,400	38,524,900	35,501,300	26,998,100
Residential	62,506,600	57,597,000	54,449,600	51,895,600	47,332,000
Developmental	<u>2,252,900</u>	<u>4,534,400</u>	<u>4,203,700</u>	<u>3,123,700</u>	<u>1,597,800</u>
Total Real Property	117,374,300	117,624,000	109,081,000	99,707,400	84,478,700
Total Personal Property	<u>4,261,700</u>	<u>5,503,000</u>	<u>5,325,900</u>	<u>5,159,100</u>	<u>4,812,600</u>
Total SEV	<u>\$ 121,636,000</u>	<u>\$ 123,127,000</u>	<u>\$ 114,406,900</u>	<u>\$ 104,866,500</u>	<u>\$ 89,291,300</u>

Components of 2004 Taxable Value

Residential	\$ 45,495,608
Agricultural	25,705,428
Commercial	8,794,239
Industrial	1,845,557
Developmental	<u>528,525</u>
Total Real Property	82,369,357
Total Personal Property	<u>4,257,870</u>
TOTAL TAXABLE VALUE	<u>\$ 86,627,227</u>

* Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

Fillmore Township
MAJOR TAXPAYERS AND TAX RATES

Major Taxpayers

Taxpayer	2004 Taxable Value	Percentage of Total 2004 Taxable Value
Wayne Schipper	\$ 1,243,744	1.44%
Mervenne Real Estate Holding	1,154,274	1.33%
Consumers Energy	1,150,112	1.33%
Robert Dykhuis	1,085,797	1.25%
Robert Dykhuis	1,046,565	1.21%
Country Acres Partners, LLC	962,378	1.11%
Timmerman Farms, LLC	869,240	1.00%
Hogquest, LLC	804,740	0.93%
Country Living Apartments, LLC	776,004	0.90%
Robert Geurink	756,239	0.87%

The above taxpayers represent 11.37% of the Township's total 2004 Taxable Value.

Tax Rates
(Per \$1,000 of Taxable Value)

Fiscal Year Ended ¹ (per \$1,000 of Taxable Value)	2005	2004	2003	2002	2001
Fillmore Township					
Operating	0.8099	0.8270	0.8270	0.8444	0.8298
Roads	2.6188	2.6737	2.6737	2.7297	2.6827
Fire	1.4249	1.4549	1.4549	1.4854	1.4598
County of Allegan	6.6275	6.7583	6.7583	6.7631	6.8551
Hamilton / Zeeland School District ²	8.0400	8.0010	8.0074	8.0074	8.0116
Ottawa Intermediate School District	4.2192	4.2305	4.2854	4.2854	4.2999
State Education Tax	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>	<u>6.0000</u>
 Total	 <u>29.7403</u>	 <u>29.9454</u>	 <u>30.0067</u>	 <u>30.1154</u>	 <u>30.1389</u>

¹Taxes are levied December 1 of prior year.

²Fillmore Township is situated within the boundaries of two school districts (Hamilton and Zeeland). The rates shown are the highest any Fillmore resident would pay. This is the homestead rate, the non-homestead rate would be 18.0000 higher each year.

Fillmore Township
TAX COLLECTIONS

Year*	Tax Levy	Collections to March 1 Each Year	
		Amount	%
1995	1,686,916	1,612,754	95.60%
1996	1,818,599	1,741,863	95.78%
1997	2,143,025	2,056,848	95.98%
1998	2,139,767	2,096,799	97.99%
1999	2,656,368	2,546,958	95.88%
2000	2,379,677	2,266,521	95.24%
2001	2,488,083	2,372,974	95.37%
2002	2,646,532	2,508,838	94.80%
2003	2,716,121	2,582,497	95.08%
2004	2,941,879	2,838,921	96.50%

*Taxes are levied December 1 and recognized as revenue in the fiscal year ending the following March 31.

GENERAL FUND REVENUES AND EXPENDITURES
(Years Ended March 31)

	2005	2004	2003	2002	2001
Revenues	\$ 750,388	\$ 705,881	\$ 706,714	\$ 711,229	\$ 724,109
Expenditures	<u>780,094</u>	<u>810,800</u>	<u>688,695</u>	<u>726,872</u>	<u>505,977</u>
Excess of Revenues Over (Under) Expenditures	(29,706)	(104,919)	18,019	(15,643)	218,132
Operating Transfers Out	<u>(80,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(109,706)	(104,919)	18,019	(15,643)	218,132
Fund Balance - April 1	557,749	662,668	644,649	660,292	442,160
Restatement Adjustment	<u>25,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - March 31	<u>\$ 473,926</u>	<u>\$ 557,749</u>	<u>\$ 662,668</u>	<u>\$ 644,649</u>	<u>\$ 660,292</u>

Fillmore Township
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS

Direct Bonded Indebtedness

M-40 Sewer Expansion	\$	<u>65,038</u>
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Overlapping Bonded Indebtedness

Municipality	Total Debt	Fillmore Township's Share
Hamilton School District	\$ 34,780,000	15.00% \$ 5,217,000
Zeeland School District	104,280,000	0.58% 604,824
Allegan County at Large	10,902,015	2.56% 279,092
Ottawa Area Intermediate School District	7,815,000	0.95% <u>74,243</u>

Net Overlapping Debt	\$	<u>6,175,158</u>
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Net Direct and Overlapping Debt	\$	<u>6,240,196</u>
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Summary of Direct and Overlapping Debt

Population (2000 census)		2,756
2004 Actual Valuation (True Cash Value)	\$	243,272,000
2004 SEV	\$	121,636,000
2004 Taxable Value	\$	86,627,227
Per Capita SEV	\$	44,135
Net Direct Debt	\$	65,038
Per Capita	\$	24
Ratio to 2004 Taxable Value		0.08%
Ratio to 2004 SEV		0.05%
Ratio to 2004 True Cash Value		0.03%
Net Direct and Overlapping Debt	\$	6,240,196
Per Capita	\$	2,264
Ratio to 2004 Taxable Value		7.20%
Ratio to 2004 SEV		5.13%
Ratio to 2004 True Cash Value		2.57%

The Township has never defaulted on payment of its bonded indebtedness.

Fillmore Township
BONDED DEBT LIMIT AND INDEBTEDNESS OUTSTANDING

Bonded Debt Limit

There is no bonded debt limit for general law townships under the State Constitution and laws.

Indebtedness Outstanding for the Five Years

<u>Year</u>	<u>Debt Outstanding on March 31</u>
2001	\$ 77,138
2002	74,113
2003	71,088
2004	68,063
2005	65,038